

# **Annexation Report and Plan of Services**

## **Rocky Mount, North Carolina**



### **Annexation Report Areas 1, 2, 3, 4, 5**

**September 2008**



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## SECTION 1

### INTRODUCTION AND EXECUTIVE SUMMARY

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In 1959, the State of North Carolina adopted a model annexation law that stated as its purpose;

1. That sound urban development is essential to the continued economic development of North Carolina;
2. That municipalities are created to provide the governmental services essential for sound urban development and for the protection of health, safety, and welfare in areas being intensively used for residential, commercial, industrial, institutional, and government purposes or in areas undergoing such development;
3. That municipal boundaries should be extended, in accordance with legislative standards applicable throughout the State, to include such areas and to provide the high quality of governmental services needed therein for the public health, safety, and welfare;
4. That new urban development in and around municipalities having a population of 5,000 or more persons is more scattered than in and around smaller municipalities, and that such larger municipalities have greater difficulty in expanding municipal utility systems and other service facilities to serve such scatter development, so that the legislative standards governing annexation by larger municipalities must take these facts into account if the objectives set forth in this section are to be attained; and
5. That areas annexed to municipalities in accordance with such uniform legislative standards should receive the services provided by the annexing municipality in accordance with G.S. 160A-47(3).

Over the years, Rocky Mount has experienced a significant amount of development on the fringes of the City, just beyond the corporate limits. The City of Rocky Mount has consistently used annexation as one means of controlling development in adjacent areas and to ensure the quality of basic services for the city residents. The following table shows the impact of annexations in the past.

Years	Number of Annexations	Corporate Acres Before Annexations	Acres Annexed
1961-1970	55	6,216.10	2,299.40
1971-1980	52	8,515.50	3,076.70
1981-1992	60	11,593.20	5,058.80
1993-2004	45	16,651.00	6774.00*
2005-2006	9	23,425.00	626
2007-2008	20	24,051	3765.14

\* Includes acreage taken into the City with the merger with the Town of Battleboro

The purpose of the Annexation Report and Plan of Services is to (i) describe the areas proposed to be annexed, (ii) estimate the population of the proposed annexation areas, (iii) provide a statement showing that the proposed annexation areas meet the qualifications of NCGS 160A-48, (iv) identify

the major municipal services that the City of Rocky Mount will extend to the proposed annexation areas at the time of annexation, (v) describe the method under which the City of Rocky Mount plans to finance the extension of services to the proposed annexation areas, and (vi) provide a statement on the impact of the annexation on rural fire departments. Revenue projections and a summary of costs and benefits to the property owners within the proposed annexation areas are included in the report. Maps showing the boundaries of the proposed annexation areas and the general land use pattern within the annexation areas also accompany the report. Maps delineating the existing major trunk water mains and sanitary sewer interceptors and outfalls as well as the proposed water and sewer system extensions are included.

### **1.1 General Criteria for City-initiated Annexation**

To qualify for City-initiated annexation, the total area to be annexed must meet the following standards:

- ❑ Be contiguous to the current corporate limits.
- ❑ Have at least one-eighth of the total boundary contiguous to the current corporate limits.
- ❑ Not be located within another incorporated municipality.
- ❑ Part or all of the area must be developed for urban purposes.

Qualifying areas may also include a nonurbanized 'land bridge' area that links an urbanized area to the municipality through the provision of services and/or water and sewer lines or is sufficiently contiguous to a combination of the urbanized area and the municipality's corporate limits.

Section 2 of this report provides a more detailed explanation of the statutory qualifications for involuntary annexation.

### **1.2 The Role of the Municipality**

1. The city has a major function to protect the individual and the public as a whole. It carries out this responsibility through police and fire services, through ordinances that protect the safety of individuals and the public at large from the acts of other persons, and through ordinances that protect the use and value of property.
2. The city is a provider of services. It provides a local street system; operates the water and sewer systems; collects solid wastes; sometimes builds and operates essential facilities like police stations, fire stations, neighborhood parks, and recreation centers; and contributes to its citizens' cultural and leisure-time activities by supporting festivals and the arts, public parks, and recreational programs.
3. It is a major factor in the continued economic development of the community. It shares responsibility with the State for the street and highway systems that are the key to effective transportation. It builds and operates the water and sewer systems without which urban development is impossible. The City builds and operates the

electric and gas systems. It provides the civic facilities that make the city attractive as an economic center. It helps rebuild its own obsolete sections and improve its housing stock. Through all its activities, it helps to build an attractive, convenient, and appealing community.

### **1.3 The Rationale of Annexation**

The State of North Carolina, in recognizing the role of municipalities, has declared as a matter of State policy (NCGS 160A-45):

1. That sound urban development is essential to the continued economic development of North Carolina;
2. That municipalities are created to provide the governmental services essential for sound urban development and for the protection of health, safety, and welfare in areas being intensively used for residential, commercial, industrial, institutional, and government purposes or in areas undergoing such development;
3. That municipal boundaries should be extended, in accordance with legislative standards applicable throughout the State, to include such areas and to provide the high quality of governmental services needed therein for the public health, safety, and welfare;
4. That new urban development in and around municipalities having a population of 5,000 or more persons is more scattered than in and around smaller municipalities, and that such larger municipalities have greater difficulty in expanding municipal utility systems and other service facilities to serve such scatter development, so that the legislative standards governing annexation by larger municipalities must take these facts into account if the objectives set forth in this section are to be attained; and
5. That areas annexed to municipalities in accordance with such uniform legislative standards should receive the services provided by the annexing municipality in accordance with G.S. 160A-47(3).

### **1.4 Authority to Annex**

Cities grow more often than they decline. A city usually expands its boundaries to keep pace with that growth. North Carolina law permits a city to do so more easily than cities in most other states. The State's principal annexation statute delegates the authority for a city to expand its borders by action of the city's elected officials; approval is needed from neither the voters of the city nor the voters of the area being annexed. The law does require that the annexed area be generally developed in urban uses and that the city provide basic services to the area within a reasonable time; but if an area is urban in character and if the city can provide those services, then the statute's policy is that the area ought to be part of the city.

### **1.5 Annexation Process and Schedule**

The North Carolina General Statutes require that the City follow a specific process for undertaking involuntary annexation. The major steps in that process and the City's proposed schedule for implementing the process include:

Date	Activity
April-August 2008	Preparation of an Annexation Report and Plan of Services
September 8,2008	Adoption of a Resolution of Intent
September 22,2008	Approval of Annexation Report and Plan of Services
October 28,2008	Public Informational Meeting
November 10,2008	Public Hearing
November 24,2008	Adoption of Annexation Ordinances
December 31,2009	Effective date of annexation
December 31,2011	Installation of water transmission mains and sewer collection outfalls to allow for extension of service as petitioned by property owners.

## 1.6 Municipal Services Plan

The general municipal services plan delineated in Section 3 of this report describes the City of Rocky Mount municipal services that will be provided to the potential annexation areas. The municipal services evaluated include police protection, fire protection, public works, stormwater, street lighting, and water and sewer services. The municipal services plan also addresses the impact of annexation on rural fire departments and private solid waste collection firms currently providing service to the potential annexation areas.

A summary, by type of service, of the major costs, not including water and sewer services, anticipated within all of the proposed annexation areas is provided below.

### Summary of Estimated Total Costs By Major Service By Year All Proposed Annexation Areas\*

Department	Annexation Year					
	Pre-Annex	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14
Mayor and Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Clerk	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Manager	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Human Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Human Relations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Police	\$ -	\$ 567,743	\$ 393,482	\$ 412,897	\$ 433,281	\$ 454,686
Fire	\$ -	\$ 10,000	\$ 1,473,819	\$ 654,939	\$ 198,850	\$ 202,723
Public Works	\$ -	\$ 1,325,748	\$ 411,274	\$ 430,981	\$ 439,854	\$ 448,879
Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Planning & Dev	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks & Recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Utilities	\$ -	\$ 56,278	\$ 59,448	\$ 59,448	\$ 59,448	\$ 59,448
Stormwater	\$ -	\$ 155,000	\$ 20,200	\$ 20,806	\$ 21,430	\$ 22,073
<b>Total</b>	\$ -	\$ 2,114,769	\$ 2,358,223	\$ 1,579,071	\$ 1,152,863	\$ 1,187,809

*\*Costs include personnel, operating, contract services and capital.*

## 1.7 Projected Revenues

The major sources of revenue that will be generated by the proposed annexations are outlined in Section 4 of this report. The sources of revenue analyzed in this report include the real and personal property tax, sales and use tax, beer and wine tax, franchise fees, lease financing, miscellaneous revenues, solid waste charges, Powell Bill Funds, and stormwater charges. Since newly annexed property owners will not be required to immediately connect to the water and sewer system, connection and development fees as well as water and sewer utility charges are not included in revenue projections. Such fee generation will not be a steady, predictable source of revenue and, therefore, was excluded from revenue estimates.

A summary of all projected revenue projections is provided below. Other than lease proceeds, the property tax, which represents approximately 50% of all other projected revenues during the first five years of annexation, is the single largest source of revenue in all of the annexation areas. Lease proceeds will be used to finance the purchase of large equipment such as a side loader and fire pumper and the construction of a new fire station.

### **Summary of Projected Revenues and Other Financing Sources (OFS) By Year All Proposed Annexation Areas**

Revenue Source	Annexation Year					
	Pre-Annex	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14
Property Tax		\$ 350,443	\$ 714,904	\$ 729,202	\$ 743,786	\$ 758,662
Sales and Use Tax		\$ 197,983	\$ 403,886	\$ 411,963	\$ 420,203	\$ 428,607
Beer and Wine Tax		\$ -	\$ 10,792	\$ 11,008	\$ 11,228	\$ 11,452
Franchise Fees		\$ 44,210	\$ 90,189	\$ 91,993	\$ 93,833	\$ 95,709
Lease Financing		\$ 800,000	\$ 1,400,000	\$ 460,000	\$ -	\$ -
Miscellaneous Revenue		\$ 21,412	\$ 43,681	\$ 44,555	\$ 45,446	\$ 46,355
Solid Waste Charges		\$ 50,000	\$ 101,999	\$ 104,039	\$ 106,120	\$ 108,242
Powell Bill Funds		\$ -	\$ 69,194	\$ 70,578	\$ 71,989	\$ 73,429
Stormwater Charges		\$ 40,471	\$ 82,560	\$ 84,211	\$ 85,895	\$ 87,613
Total	\$ -	\$ 1,504,519	\$ 2,917,204	\$ 2,007,549	\$ 1,578,500	\$ 1,610,069

### **Financial Summary By Year**

Year	Revenue	Expenditure	Surplus/Deficit
Pre-Annex (FY08-09)	\$ -	\$ -	\$ -
FY09-10	\$ 1,504,519	\$ 2,114,769	\$ (610,250)
FY10-11	\$ 2,917,204	\$ 2,358,223	\$ 558,981
FY11-12	\$ 2,007,549	\$ 1,579,071	\$ 428,477
FY12-13	\$ 1,578,500	\$ 1,152,863	\$ 425,636
FY13-14	\$ 1,610,069	\$ 1,187,809	\$ 422,261

## 1.8 Areas Proposed for Annexation

The annexation areas (identified by maps in Appendix A) include the following number of parcels; total acres including streets and rights of way, assessed value, number of dwelling units, and population (dwelling unit count x average household size of 2.55). Dwelling units and population are based field survey data. All other data is based on Edgecombe and Nash Counties tax records and the City of Rocky Mount GIS database:

Area #	Number of Parcels	Total Acreage	Dwelling Units	Est. Pop.	Assessed Value
1	768	1382.65	667.00	1700.85	\$ 96,399,976
2	10	14.83	10.00	25.50	\$ 753,831
3	9	296.54	87.00	221.85	\$ 507,622
4	17	14.65	13.00	33.15	\$ 990,322
5	9	24.56	88.00	224.40	\$ 541,451
<b>Total</b>	<b>813</b>	<b>1733.23</b>	<b>865.00</b>	<b>2205.75</b>	<b>\$ 99,193,202</b>

## 1.9 Summary of Costs and Benefits to Property Owners

Property owners in the proposed annexation area would, upon annexation, be responsible for paying the City property tax. The current City property tax rate is \$0.58 per \$100.00 of assessed valuation. Property valuations are determined by Edgecombe and Nash Counties. A \$5.00 per vehicle fee will be assessed to all eligible vehicle owners of the City of Rocky Mount. Residential customers will receive weekly solid waste services at a cost of \$10.25 per month (\$8.50 for garbage collection and \$1.75 for recycling collection) and stormwater services at \$3.75 per month.

Property owners requesting water and sewer service will also be responsible for plumbing permit and applicable connection fees where water distribution and sanitary sewer collection mains now exist. For those property owners requesting service where the water distribution and/or sanitary sewer collection mains are not already in place, the City of Rocky Mount will extend such mains pursuant to the terms and conditions as set forth in the City of Rocky Mount's Administrative Policy IX.1A Water Service Inside City and IX.1B Sewer Service Inside City.

Some major benefits to property owners in the annexation area include elimination of the various Edgecombe and Nash Counties Fire District Taxes ranging from \$0.05 to \$0.1075 per \$100.00 assessed valuation, elimination of individual street lighting charges, potential reduction of fire insurance rates for some business owners, and the following municipal services: (i) police protection from the City of Rocky Mount Police Department, (ii) fire protection and emergency medical services from the City of Rocky Mount Fire Department and other contracted departments, (iii) residential garbage and yard debris collection, (iv) storm water and street maintenance services (v) street lighting, and (vi) access to the city's water and sewer system through standard utility connection and/or extension policies. Any City of Rocky Mount utility customer within the proposed annexation areas currently paying outside rates will have their rates adjusted to the standard applicable rates for Rocky Mount citizens upon the effective date of annexation. The City property tax is a deductible expense

for purposes of State and Federal income taxes. Property owners in the annexation area will also have the opportunity to participate in the City government through a wide variety of boards and commissions including but not limited to the City Council, Board of Adjustment, Central City Revitalization Panel, Historic Preservation Commission, Housing Appeals Board / Animal Control Appeals Board, Housing Authority, Human Relations Commission, Martin Luther King, Jr. Commission, Mayor's Commission on Persons with Disabilities, Planning Board, Redevelopment Commission, Rocky Mount – Wilson Airport Authority, and the Tree Advisory Board.

## **SECTION 2**

### **STATUTORY QUALIFICATIONS FOR INVOLUNTARY ANNEXATION**

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Municipalities with a population of 5,000 or more are authorized by the North Carolina General Statutes to annex by ordinance those areas that meet statutory standards of contiguity and intensity of development. The statutory requirement of NCGS 160A-48 (b) and (c) are summarized below.

#### **2.1 Contiguity, Boundary, and Unincorporated Requirements**

NCGS 160A-48(b) requires that the total area proposed to be annexed must meet general standards of contiguity, common boundary, and unincorporation. 'Contiguous area' is defined by NCGS 160A-53(1) as any area which, at the time of annexation procedures are initiated, either abuts directly on the municipal boundary or is separated from the municipal boundary by a street or street right-of-way, a creek or river, the right-of-way of a railroad or other public service corporation, lands owned by the municipality or some other political subdivision, or lands owned by the State of North Carolina.

**2.11 NCGS 160A-48(b) (1), Contiguity.** The proposed annexation area must be adjacent or contiguous to the City's corporate boundaries at the time the annexation proceeding is begun.

**2.12 NCGS 160A-48(b) (2), Common Boundary.** At least one-eighth of the aggregate external boundary of the proposed annexation area must coincide with the City's corporate boundary.

**2.13 NCGS 160A-48(b) (3), Unincorporated.** No part of the proposed annexation area shall be included within the boundary of another incorporated municipality.

#### **2.2 Developed for Urban Purposes Requirements**

All or a part of the proposed annexation area must be developed for urban purposes at the time of approval of the annexation report. An area developed for urban purposes is defined as any area that meets any **one** of the following standards delineated in 2.21 through 2.25. For purposes of determining what is developed for urban purposes, 'used for residential purposes', is defined in NCGS 160A-53(2) as any lot or tract five acres or less in size on which is constructed a habitable dwelling unit. Also, the area of streets and street rights-of-way may not be used to determine acreage in making the calculations needed for defining what is developed for urban purposes. Population estimates are based upon the number of dwelling units as determined by field observations within the proposed annexation area multiplied by the average family size (as delineated in the 2000 Federal Census).

- 2.21 **NCGS 160A-48(c) (1), Population Density Test.** Has a total resident population equal to at least 2.3 persons for each acre of land included within its boundaries.
- 2.22 **NCGS 160A-48(c) (2), Population and Subdivision Test.** Has a total resident population equal to at least 1.0 persons for each acre of land included within its boundaries, and is subdivided into lots and tracts such that at least 60 percent of the total acreage consists of lots and tracts 3 acres or less in size and such that at least 65 percent of the total number of lots and tracts are 1 acre or less in size.
- 2.23 **NCGS 160A-48(c) (3), Use and Subdivision Test.** Is so developed that at least 60 percent of the total number of lots and tracts are used for residential, commercial, industrial, institutional or governmental purposes, and is subdivided into lots and tracts such that at least 60 percent of the total acreage, not counting the acreage used at the time of annexation for commercial, industrial, governmental, or institutional purposes, consists of lots and tracts 3 acres or less in size. For purposes of this section, 'acreage in use' for commercial, industrial, institutional, or governmental purposes includes acreage actually occupied by buildings or other man-made structures together with all areas that are reasonably necessary and appurtenant to such facilities for purposes of parking, storage, ingress and egress, utilities, buffering, and other ancillary services and facilities.
- 2.24 **NCGS 160A-48(c) (4), Water or Sewer Districts.** Is the entire area of any county water and sewer district created under NCGS 162A-86(b) (1).
- 2.25 **NCGS 160A-48(c) (5), Nonresidential Uses.** Is so developed that, at the time of the approval of the annexation report, all tracts in the area to be annexed are used for commercial, industrial, governmental, or institutional purposes.
- 2.26 **NCGS 160A-48(d), Land Bridge Provisions.** In accordance with the provisions of NCGS 160A-48(d), the city may, in addition to areas developed for urban purposes, include in the area to be annexed any area which does not meet the requirements described in 2.21 through 2.25 if such area either:
- (a) Lies between the city boundary and an area developed for urban purposes so that the area developed for urban purposes is either not adjacent to the city boundary or cannot be served by the municipality without extending services through such sparsely developed area; or
  - (b) Is adjacent, on at least 60 percent of its external boundary, to any combination of the city boundary and the boundary of an area or areas developed for urban purposes.

The purpose of the 'land bridge' provisions is to permit the city to extend its corporate limits to include all nearby areas which at the time of annexation are not yet developed for urban purposes but which constitute necessary land connections between the city and areas developed for urban purposes or between two or more areas developed are urban purposes. 'Necessary land connection' is defined in the statutes as an area that does not exceed 25 percent of the total area to be annexed.

**2.3 NCGS160A-48(e) Property Lines and Streets as Boundaries.** The annexation area boundaries must follow recorded property lines and streets.

## 2.4 Summary of Compliance with Statutory Standards

The proposed involuntary annexation areas are contiguous to the City, meet the minimum one-eighth (12.5%) contiguity requirement, are not located in another incorporated municipality and follow recorded property lines and streets. All areas meet one or more of the 'developed for urban purposes' standards.

Area	GS160A-48 (b)(2) 12.5% Contiguity	GS 160A-48 (c)(1) Population Density	GS 160A-48 (c)(2) Population & Subdivision	GS 160A-48 (c)(3)		GS 160A-48 (c)(5) All Lots Urban	GS 160A-48 (d) Necessary Land Connection
				Use	Subdivision		
1	Yes, 23.1%	No	No	Yes, 81.90%	Yes, 61.11%	No	N/A
2	Yes, 13.7%	No	No	Yes, 100%	Yes, 70.62%	No	N/A
3	Yes, 27.5%	No	No	Yes, 100%	Yes, 100%	No	N/A
4	Yes, 36.4%	No	No	Yes, 82.35%	Yes, 100%	No	N/A
5	Yes, 34.3%	No	No	Yes, 77.77%	Yes, 100%	No	N/A

*Source: City of Rocky Mount GIS drawings, 2000 census data, city field surveys.*

## 2.5 Effective Date for Properties Subject to Present-Use Valuation

Agricultural, horticultural, and forestland properties within proposed annexation areas that are being taxed at present-use value pursuant to NCGS 105-277.4 or land that is being used (on the date of the adoption of the Resolution of Intent) for actual production and is eligible for present-use value taxation under NCGS 105-277.4, but the land has not been in use for actual production for the required time under NCGS 105-277.3 have a special effective date of annexation. Such properties, if certified in writing by the Edgecombe and Nash Counties Assessor as meeting the requirements of present-use value taxation, are considered part of the City of Rocky Mount only for the purpose of establishing municipal boundaries for additional annexation and for the exercise of municipal authority (basically planning and zoning authority) pursuant to Article 19 of the North Carolina General Statutes. For all other purposes, the annexation of such property becomes effective on the last day of the month in which the property becomes ineligible for present-use value taxation. Until the effective date of annexation of such property, the property is not subject to municipal taxation nor is the property entitled to services provided by the City. The City will request that the Edgecombe and Nash Counties Tax Assessor certify if such properties are located within the areas proposed for involuntary annexation.

## **SECTION 3**

### **MUNICIPAL SERVICES PLAN**

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Except as noted below, the City of Rocky Mount will provide each major municipal service that the city performs within its corporate limits to the proposed annexation area on the effective date of annexation. Such services will be provided on substantially the same basis and in the same manner as such services are provided within the Rocky Mount corporate limits prior to annexation. Major services include police protection, fire protection, solid waste collection and disposal, street lighting, and street maintenance. The City will also provide for the extension of major trunk water mains and sewer outfall lines into the area to be annexed so that when such lines are constructed, property owners in the area to be annexed will be able to secure public water and sewer service according to the policies in effect within the City of Rocky Mount for extending water and sewer lines to individual lots or subdivisions. If the extension of major trunk water mains and sewer outfall lines is necessary, the City of Rocky Mount must complete the construction of such improvements within two years of the effective date of annexation.

The City's planning, budgeting, and implementation process will be used to finance and implement services to be provided to the area proposed for annexation. All City services will be made available to persons living within the City limits. The cost of providing the majority of general municipal services is anticipated to be paid from the City's General Fund, including ad valorem tax proceeds, sales and use tax, solid waste charges and other miscellaneous revenues. Stormwater charges will cover the cost of providing stormwater services to the annexation areas. Necessary water and sewer improvements will be financed through water and sewer revenues, including tap and line fees, water and sewer utility charges and debt.

#### **3.1 Police Protection**

##### Police Protection

Police services in the City of Rocky Mount include industrial, commercial, residential neighborhood patrol for 24 hour/365 days of service (using patrol vehicles, foot patrol and bicycle patrol) within a District Concept, which includes four districts: north, south, east and west.

Other divisions supporting the patrol (Uniform Operations) division include the Criminal Investigative Division, Staff Services Division, and the Administrative Services Division. Several specialized units that support the patrol function include the traffic unit, canine unit, street engagement team, reservoir unit, animal control unit, parking control unit, crime analysis unit, records section, crime scene/evidence processing unit, telephone response unit and community services. A mobile command unit and special response team are also available for major incidents.

For the annexation areas, the Police Department will likely necessitate an increase in staff by up to 8 sworn law enforcement officers positions (6 police officers and 2 detectives), which also include vehicles, in-car equipment, mobile data computers for the vehicles and other police equipment.

### Enhanced 911

The Communications Section of the Police Department manages the City's enhanced 911 system. All telephone customers in the annexed area will continue to receive enhanced 911 services on the effective date of the annexation. Enhanced 911 provides the name, address and telephone identification automatically to the public safety dispatchers who view the information immediately upon receipt of a 911 call. The Communication Center operates a 24 hour /365 day of service operation that dispatches police, fire, and rescue. No additional resources will be required as a result of the annexation.

## **3.2 Fire Protection**

The City of Rocky Mount Fire Department provides a high level of fire, rescue and first responder medical services through 150 full-time employees assigned to four divisions. The Operations Division currently responds to emergencies with 7 engine companies, 2 ladder companies, 2 squad trucks, and 2 on-duty district chief. The department's emergency response equipment is housed in 7 fire stations located strategically throughout the city. The department earned international accreditation from the Commission on Fire Accreditation International in 2003 and received its 5<sup>th</sup> year reaccreditation in August 2008. Moreover, the City recently completed a new fire insurance rating inspection by the NC Office of the State Fire Marshall and earned a favorable ISO fire insurance rating of "three".

When the City annexes an area, the City either provides service directly or the City contracts with affected rural fire departments to assist in providing services. A contract with a rural fire department to provide fire protection, per North Carolina General Statutes, is considered an acceptable method of providing fire protection. Contracting compensates the rural fire departments for revenue loss directly attributable to the annexation and it can provide time following annexation for the City's financial plan to add additional resources (i.e. fire stations, firefighters, and equipment).

In response to the July 2008 annexations, the City contracted with five rural fire departments to respond along with City fire resources into the annexed areas. The cost for the 2008 contracts is \$59,490 per year for fire years. The Phase II annexation will require additional fire contracts to provide fire protection in the proposed Phase II annexation areas. These Phase II annexation fire contracts will cost approximately \$10,000 per year for five years. Additionally, the Rocky Mount Fire Department plans to negotiate an automatic-aid agreement with the Town of Nashville Fire Department to provide fire protection in the extreme western portions of the Phase II annexation area. Preliminary meetings have already occurred with the Chief of the Nashville Fire Department to plan the automatic aid agreement. Once complete, the automatic aid agreement will need to be officially authorized by the City Council and Nashville Town Board.

The building of Fire Station #8 will remain as planned in the CIP in order to provide timely response throughout our city and to provide the required firefighting force in a reasonable time without depleting resources to other areas of the City. Design and construction of the fire station will commence in FY 08-09 and continue through FY 09-10. Construction of the station should take place in FY 10-11 with completion anticipated in FY 11-12. The additional staffing for the fire station should be hired and trained in FY 11-12. The fire pumper for Fire Station #8 will be purchased in FY 11-12.

While contracting with rural county fire departments and an automatic aid agreement with neighboring municipality meets the requirements of the General Statutes, command and control of the incident remains the responsibility of the City.

### **3.3 Public Works**

The Public Works Department is composed of four divisions; Environmental Services, Streets, Fleet Maintenance, and Community Code. A discussion of those impacted by the annexation follows.

#### Environmental Services (Solid Waste)

The City's Environmental Services Division of the Public Works Department provides both residential garbage collection and recycling at curbside once per week and commercial garbage collection utilizing a dumpster service program. Residential customers receive rollout cart collection, curbside recycling bin collection, yard trash and limb collection, white goods, and bulky items collection on a weekly basis. Commercial customers are serviced by dumpsters with collections once or twice per week.

The Division will add one garbage collection crew. Additionally, one yard waste collection crew, and one combination recycling and bulky item, white goods crew may be required. The garbage and yard waste crews consisting of two (2) equipment operator positions for each crew and one operator for the combination recycling – bulky item/white goods crew for a total of five (5) new positions. Pre-annexation personnel and operating service costs, including the purchase of employee uniforms, etc. are estimated at \$20,075. The annual personnel and operating costs are estimated at \$216,275. The Division will add capital equipment consisting of 1 side loading garbage truck, 1 rear loading garbage truck, one recycling truck, three (3) portable radios, 650 roll-out carts, and 650 recycling bins at an estimated cost of \$851,400.

The annexation is estimated to displace the residential collection of solid waste by private haulers in the annexation areas. Private hauler displacement compensation is estimated at \$236,800. The collection of commercial or industrial solid waste will not be affected by the annexation as those customers will be allowed to continue service by a private hauler if they choose to do so. The City does provide collection of commercial solid waste through dumpster service.

#### Street Maintenance

Street maintenance services include pavement repair and crack sealing, pothole patching, sidewalk and curb and gutter construction and repair, right-of-way maintenance and emergency response to road hazards during snow and ice storms, flooding due to heavy thunderstorms and hurricanes, and debris removal associated with these various storms. Typical street maintenance services for unpaved streets include street grading and roadside ditch clearing. Some additional materials and services will be needed as a result of new streets added to the City system by annexation. No additional personnel resources will be required.

In order to perform street maintenance of the newly annexed streets, additional materials and supplies will be needed in the amount of \$25,000. Recurring material and supplies cost is estimated to be \$9,500.

#### Street Resurfacing / Street Construction

The street resurfacing program evaluates and prioritizes all the streets on the City's street system on a five-year capital program. The streets are rated based on a condition survey and priorities established on rating system, traffic volume, and designation as a local, collector or thoroughfare street. The City resurfaces approximately 1% of the streets on its system each year. There is no fee charged to the residents for resurfacing.

There are 9.865 miles of paved streets in the annexation areas to be added to the City street system. The City will determine the maintenance needs for all streets in conjunction with its pavement condition survey. The estimated cost to survey the new annexation areas is \$25,000.

The City's policy regarding the paving of dirt streets is at the expense of the abutting owners or developer. These improvements can be caused by petition, City Council order, or as a requirement to obtain subdivision approval. Once improved, the City will thereafter maintain the street and its sole cost and expense. Existing strip paved and curb and gutter streets will be maintained to include reconstruction at City's expense as evaluated with all existing streets. The conversion from strip paved to curb and gutter will be at the expense of the abutting property owners.

#### Community Code Enforcement

The Community Code Division provides inspection for violations of ordinances pertaining to minimum housing code, abandoned vehicles, vector and rodent control, grass and weed violations, refuse, trash, and waste violations, and the graffiti ordinance. The Division also contracts and monitors the abatement of various violations and demolition of dilapidated structures utilizing a private contractor.

A survey of the proposed annexation areas indicates some housing, environmental, and nuisance concerns in violation of existing City ordinances. The Division will not require additional personnel to inspect the annexation areas. The Division will need to add one additional mosquito fogging machine to cover the additional 1800 plus acres of land to the City Limits and additional part-time labor to operate the fogging equipment. A GPS enabled mosquito fogger is estimated to cost \$16,000. Recurring personnel cost for one (1) part-time employee is estimated to be \$4,000.

### **3.4 Stormwater Utility**

The City provides storm drainage services through the Stormwater Utility budget within the Public Works Department. The storm drainage system collects and carries rain water from public streets to natural water courses or bodies of water. The system is designed to handle

the ten-year storm. This system consists of curbs, gutters, pipes, manholes, catch basins, open channels, open ditches, and water quality retention ponds.

City forces provide regular maintenance to all public city system structures, pipes, and open ditches. Ditch maintenance crews routinely inspect and cut and remove grass, debris, and blockages from City system ditches, etc. The annexation areas include a number of open drainage ditches requiring maintenance.

The annexation areas will be added to our stormwater inventory program as required by our Phase II, NPDES Permit. The needs and improvements identified by the inventory survey will be evaluated and prioritized with all other stormwater improvements in the capital program.

The Stormwater Division will require some additional materials and supplies to maintain the drainage in the annexation areas, but will not require additional personnel.

A stormwater inventory will provide for a survey of all ditches, pipes, and culverts and is a requirement of the city's NPDES Discharge permit. The estimated cost for the stormwater inventory survey is estimated at \$125,000.

### **3.5 Other Municipal Services**

Several other department of the city government will provide services to the residents and property within the annexation areas. Such departments include Finance, Planning and Development, Parks and Recreation, Human Resources and Human Relations. These departments will provide the same level of service to the residents in the annexation areas as received by current city residents.

### **3.6 Street Lighting**

Upon the effective date of annexation, the City will be responsible for existing streetlights and for the installation of any additional streetlights upon request of property owners or residents. The City street light installation policy is to install street lights at intersections and high accident locations and in the middle of the block when the lights at the intersection do not cast sufficient illumination on the middle of the block due to the distance from the lights, curvature of the street or foliage along the street. Any additional or replacement street lights will be provided to the proposed annexation area on the same basis and in the same manner as is currently the practice and in accordance with the street light installation policy within the City of Rocky Mount corporate limits.

### **3.7 Engineering**

#### Engineering Administration

The Engineering Department Administrative Division is responsible for oversight of private site development as it relates to street and parking lot construction, traffic impacts, erosion control, stormwater management, water and sewer mains and collection of water and sewer connection and tap fees. For city projects relating to the above, the division is responsible

for in-house design, oversight of external design consultants, construction contract management and system mapping and inventory.

Due to the amount of work, some portion of the design work for the proposed infrastructure projects outline in the annexation report will be done by outside consultants. The remaining design work and most of the construction oversight will be handled in house. Based on this assumption, we do not anticipate an immediate need for additional staff as a result of this annexation.

#### Engineering Traffic and Transportation

The Traffic and Transportation Division is responsible for transportation planning including administration of the Metropolitan Planning Organization (MPO), traffic signal system operation and maintenance, and maintenance of traffic signs and pavement markings. Although the proposed annexations will increase the number of signs and street lane miles maintained, no additional signals will be needed in these areas and it is anticipated that the division will be able to maintain the existing level of service with current personnel. The division does expect a marginal increase in material expenses over time due to the increased service demand.

#### Water Distribution and Sewer Collection Services

Within two years of the effective date of annexation, the City will be responsible for extending major trunk water main and sewer outfall lines to the newly annexed areas to make water and/or sewer service reasonably available to properties within the said newly annexed areas. Following this two year period, new Rocky Mount property owners will be able to petition for individual water and/or sewer service in accordance with Rocky Mount's existing water and sewer system extension and assessment policies. (See City of Rocky Mount Administrative Policies IX.1A and IX.1B)

Existing trunk water mains and sewer outfall lines are currently available in some of the proposed annexation areas. Where these lines do not exist, new water trunk lines and sewer outfalls will be constructed. The Preliminary Engineering Report on Water and Sewer itemizes the availability of existing trunk water mains and sewer outfall lines for each of the proposed annexation areas and identifies needed utility extensions where the service is inadequate or unavailable.

The above referenced water trunk lines and sewer outfalls will make water and sewer service reasonably available in the proposed annexation areas, however additional investment will be required to provide service to the individual properties in these areas. As noted above, these service extensions are typically completed through the petition process, however, service lines may be extended in advance of a petition request upon order of the City Council. In order to establish the required service areas and cost of these potential petitions, the Preliminary Engineering Report also includes an evaluation of the cost to install service lines throughout each of the proposed annexation areas.

Proposed water and sewer extensions will be located either inside existing street rights-of-way or within public utility easements as required by the City policies and ordinances. Once trunk water mains and sewer outfalls lines are in place, water and sewer service will be

provided to the proposed annexation areas on the same basis and in the same manner as is provided within the Rocky Mount Corporate limits. The owners of existing structures within the annexation areas may petition and be assessed for the construction of new utility lines in accordance with North Carolina General Statutes and adopted City policies and ordinances.

The individual property owner desiring a connection to the City water or sewer utility system shall be responsible for applying for service and paying all applicable connection and tap fees. The City's utility assessment policy provides a formal process for property owners requesting utility service, by way of a water and/or sewer main extension, to petition the Rocky Mount City Council to order such extensions. The cost of installing private water and sewer service from the street right-of-way or public easement to dwellings and structures is the responsibility of the individual property owner. Existing water wells may be retained for irrigation purposes under certain circumstances in accordance with City policies and ordinances.

Any Rocky Mount water or sewer utility customers with the proposed annexation areas currently paying outside rates will have their rates adjusted to the standard applicable rates for Rocky Mount citizens upon the effective date of annexation. Any water and/or sewer improvements required by annexation or water and/or sewer improvement necessitated by the petition of property owners can be financed through a contractual funding agreement between the petitioner and the City in accordance with City policies and ordinances.

## **SECTION 4 PROJECTED REVENUES**

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The City has prepared an analysis of forecasted revenues and cost estimates of providing city services as part of an economic analysis for each annexation area. These revenues include real property tax, sales and use tax, beer and wine tax, franchise fee, lease financing, miscellaneous revenue, solid waste charges, Powell Bill proceeds and stormwater fees. Service cost estimates were generated for police protection, fire protection, solid waste collection, street maintenance, community code enforcement, stormwater and water and sewer capital projects. Except in the first year, these revenues will be sufficient to cover the increased operating costs which result from providing services to the annexation areas. Lease financing and other debt will be used to finance capital equipment purchases, the construction of the Fire Station, and some water and sewer line projects.

### **4.1 Real Property Tax**

Projected property tax revenues are based upon the City's current tax rate of \$.58 per \$100 valuation at a 95.39% collection rate. Property values are determined by Edgecombe and Nash Counties. The City will receive a prorata share of real property tax for the first year of the annexation based on a December 31, 2009 effective date. The prorated taxes will be due on September 1, 2010.

### **4.2 Sales and Use Tax**

The sales and use tax is collected by the State of North Carolina and currently distributed to Edgecombe and Nash Counties and all of the municipalities within the Counties on a per capita basis. For the purposes of this report the assumption is that the basis for sales and

use tax allocation will be the per capita method. The City will receive a prorated share of the sales and use tax based on a December 31, 2009 effective date. In the following years, the city will receive its full share of these taxes.

#### **4.3 Beer and Wine Tax**

The beer and wine tax is an excise tax on beer, unfortified wine and fortified wine, which is paid to the State at the wholesale level. Only those municipalities and counties permitting beer and wine sales share in the proceeds of the tax. The units of government that do share in the beer and wine tax proceeds do so on a per capita basis. Since the majority of the proposed annexation areas include permanent population, the City of Rocky Mount would receive additional revenue from the Beer and Wine Tax.

#### **4.4 Utility Franchise Fees**

The State levies a percentage franchise fee on the total gross receipts of all businesses within the State that furnish electricity. An amount equal to just over 3% of the total gross receipts of electricity service derived from the sale within Rocky Mount is distributed to Rocky Mount. Also included in the category are amounts for the franchise fee assessed on cable television services. Each cable franchise holder pays a fee of 5% of the gross revenue. These revenues are expected to increase with the proposed annexation due to new residential and business population.

#### **4.5 Lease Financing**

The City will use lease financing to offset the cost of large and costly capital purchases such as the construction of Fire Station #8, new fire pumper and side and front loader equipment for Environmental Services. The City often uses lease purchase financing to finance these items.

#### **4.6 Miscellaneous Revenue**

Miscellaneous revenues are projected to be generated within the annexation areas from sources such as animal registration, privilege licenses, inspection fees, recreation fees, and other miscellaneous fees. In addition, residents of Rocky Mount pay an annual \$5.00 per vehicle license fee.

#### **4.7 Solid Waste Charges**

Currently, the City charges all residential solid waste customers a fee in the amount of \$8.50 per month for garbage and yard waste collection and \$1.75 per month for recycling collection. Non residential customers may also choose to use Rocky Mount's commercial services and must pay a fee for such services.

#### **4.8 Powell Bill Funds**

Through this annexation, the City will be responsible for the maintenance of 9.865 miles of streets. This represents a 3.5 % increase in paved miles.

#### **4.9 Stormwater Fee**

All property in the City is charged a stormwater fee to cover the cost of stormwater services provided by the City. The newly annexed areas will be charged a fee of \$3.75 per month per equivalent residential unit.

The overall impact to the General Fund and Stormwater is shown in below. These revenues and expenditures exclude the capital costs and financing for the capital projects, but do include the annual lease payments for the capital equipment and construction. The water and sewer projects will be funded through a combination of utility revenues and debt and are not included in this analysis.

**Summary of Operating Revenues and Expenditures  
General Fund and Stormwater Fund**

<b>Fund</b>							
	Pre-Annex	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	
<b>General Fund</b>							
Property Tax	\$ -	\$ 350,443	\$ 714,904	\$ 729,202	\$ 743,786	\$ 758,662	
Sales and Use Tax	\$ -	\$ 197,983	\$ 403,886	\$ 411,963	\$ 420,203	\$ 428,607	
Beer and Wine Tax	\$ -	\$ -	\$ 10,792	\$ 11,008	\$ 11,228	\$ 11,452	
Franchise	\$ -	\$ 44,210	\$ 90,189	\$ 91,993	\$ 93,833	\$ 95,709	
Misc. Revenue	\$ -	\$ 21,412	\$ 43,681	\$ 44,555	\$ 45,446	\$ 46,355	
Solid Waste Charges	\$ -	\$ 50,000	\$ 101,999	\$ 104,039	\$ 106,120	\$ 108,242	
<b>Total General Fund</b>	<b>\$ -</b>	<b>\$ 664,049</b>	<b>\$ 1,365,451</b>	<b>\$ 1,392,760</b>	<b>\$ 1,420,615</b>	<b>\$ 1,449,027</b>	
Mayor and City Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City Clerk	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City Manager	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Human Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Human Relations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Finance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Police	\$ -	\$ 567,743	\$ 393,482	\$ 412,897	\$ 433,281	\$ 454,686	
Fire	\$ -	\$ 10,000	\$ 73,819	\$ 194,939	\$ 198,850	\$ 202,723	
Public Works	\$ -	\$ 458,348	\$ 411,274	\$ 430,981	\$ 439,854	\$ 448,879	
Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Planning & Dev	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Parks and Recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Public Utilities(Streetlights)	\$ -	\$ 56,278	\$ 59,448	\$ 59,448	\$ 59,448	\$ 59,448	
<b>Total General Fund</b>	<b>\$ -</b>	<b>\$ 1,092,369</b>	<b>\$ 938,023</b>	<b>\$ 1,098,265</b>	<b>\$ 1,131,433</b>	<b>\$ 1,165,736</b>	
<i>Net Operating</i>	<i>\$ -</i>	<i>\$ (428,320)</i>	<i>\$ 427,427</i>	<i>\$ 294,494</i>	<i>\$ 289,182</i>	<i>\$ 283,291</i>	
<b>Stormwater</b>							
Revenue	\$ -	\$ 40,471	\$ 82,560	\$ 84,211	\$ 85,895	\$ 87,613	
Expenditures	\$ -	\$ 155,000	\$ 20,200	\$ 20,806	\$ 21,430	\$ 22,073	
<i>Net Operating</i>	<i>\$ -</i>	<i>\$ (114,530)</i>	<i>\$ 62,360</i>	<i>\$ 63,405</i>	<i>\$ 64,465</i>	<i>\$ 65,540</i>	